

**ANN ARBOR CITY COUNCIL MINUTES  
WORKING SESSION - MONDAY - SEPTEMBER 23, 1996**

The joint working session of the Ann Arbor City Council and the Ann Arbor Energy Commission was called to order at 7:15 p.m. in the Guy C. Larcom Jr. Municipal Building by Mayor Ingrid B. Sheldon.

Present: Councilmembers Tobi Hanna-Davies, Patricia Vereen-Dixon, Jane Lumm, David Kwan, Jean Carlberg, Heidi Cowing Herrell, Christopher Kolb, Mayor Ingrid B. Sheldon, 8

Absent: Councilmembers Stephen Hartwell, Patrick Putman, Elisabeth Daley, 3

MichCon Representatives: Paul Ganz, Louis Belcher

Energy Commission Members: Co-Chairs Robert Black and Kenneth Saulter, Stephen Miller, Wayne Appleyard, Kurt Brandle, Steven Bean, Paul Ganz (Michcon rep.)

Administrative Staff Present: City Administrator Neal Berlin, City Attorney Abigail Elias, Energy Coordinator and staff representative on the Energy Commission Dave Konkle

**ORDINANCE TO ADD NEW CHAPTER 34 - GAS FRANCHISE**

Presenters: Dave Konkle, Robert Black, Kenneth Saulter, Paul Ganz

Discussions regarding franchise agreements with the utilities have been ongoing for several years and have now arrived at the decision making phase. The energy used today comes from limited sources that pollute the environment. Programs that encouraged energy conservation and renewable energy have been cut from governmental budgets.

The desired outcome of the working session this date was to define a course to a franchise agreement for MichCon. It was believed that the MichCon Natural Gas Franchise would set a precedence for other utility franchises. The Energy Commission has defined its role in the proceedings as the advisor on issues related to the Ann Arbor Energy Plan, the qualifications of a utility to provide energy services, and franchise side-agreements. The Energy Commission approved the following motion at its last meeting to be the crux of the discussion this date:

*The Ann Arbor Energy Commission recommends approval of a Michigan Consolidated Gas franchise ordinance provided that an annual review be performed. This review should result in a written side-agreement listing objectives related to the Ann Arbor Energy Plan and other community objectives.*

There were two issues identified as desirable by the Energy Commission, but not

by MichCon, as part of the Franchise deliberations. One was the creation of a side agreement associated with the franchise and the other was the proposal of a utility franchise application fee of \$10,000 - \$50,000.

Provisions for annual review, and approval of a side agreement to review the activities and projects that were committed to by MichCon during the previous year, were recommended to be part of the franchise. Currently the language of the side-agreement is not contained and would have to be negotiated as a *Memorandum of Understanding* associated with the franchise.

The MichCon franchise expired in 1938 and its renewal has been overlooked since then. The franchise ordinance received preliminary Council approval; the side agreement is still being negotiated. It was recommended that both the ordinance=s final approval, and final approval of the side agreement be considered by the Council at the same time.

The Council expressed interest in including the following items of concern in the side-agreement deliberations: the question of human rights approval as part of the franchise agreement and ordinance, the conservation program which provides for funds for furnaces for low-income families, MichCon=s Natural Gas Program for large vehicle fleet operators, the set-aside of a specified number of Home Heating Plans for low-income families, and the right of first refusal for the purchase of MichCon=s riverfront property should the company decide to relocate.

#### ADJOURNMENT

There being no further discussion, the Mayor declared the meeting adjourned at 9:30 p.m.

Linda J. Wise  
Recording Secretary  
Acting Clerk of the Council

**Filed with the Clerk: (1) Michigan Consolidated Gas Franchise; (2) Proposed Franchise to Michigan Consolidated Gas Company Ordinance; (3) Ann Arbor Energy Commission Minutes of September 12, 1996 and February 8, 1996; (4) Franchise Agreement Side Agreement Final Draft; (5) Memorandum: MichCon Franchise Renewal Efforts; (6) Communication: Gas Franchise City of Ann Arbor/Michigan Consolidated Gas Company; (7) Memorandum: MichCon=s Ann Arbor community involvement; (8) Franchise Adoption Procedure for City of Ann Arbor**